

## Message Text

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PAGE 01 RANGOO 01524 020723Z  
ACTION EA-12

INFO OCT-01 ISO-00 SNM-05 DEAE-00 AID-05 /023 W  
-----127814 020726Z /11

R 020545Z MAY 78  
FM AMEMBASSY RANGOON  
TO SECSTATE WASHDC 5293  
INFO AMEMBASSY MANILA  
AMEMBASSY TAIPEI

C O N F I D E N T I A L RANGOON 1524

E.O. 11652: GDS  
TAGS: SNAR, BM, TW  
SUBJ: F-27 MAINTENANCE AND MODIFICATION

REF: (A) STATE 106706, (B) RANGOON 1420

1. WE WOULD APPRECIATE FURTHER CONSIDERATION OF THE DEPARTMENT'S RESPONSE (REF A) TO OUR PROPOSAL (REF B) REGARDING MAINTENANCE AND MODIFICATION IN TAIWAN FOR THE BURMESE F-27 AIRCRAFT PROVIDED UNDER OUR NARCOTICS CONTROL ASSISTANCE PROGRAM. SPECIFICALLY, WE REQUEST THAT THE FOLLOWING POINTS BE TAKEN INTO ACCOUNT:

A. THIS IS NOT AN ATTEMPT TO FACILITATE CONTACT BETWEEN THE BURMESE GOVERNMENT (GUB) AND THE GROC, BUT RATHER AMONG THE GUB, THE USG, AND A PRIVATE U.S. COMPANY LOCATED IN TAIWAN.

B. THE WORK TO BE PERFORMED WOULD BE UNDER A DIRECT USG CONTRACT, WHOLLY FUNDED BY THE USG WITH INTERNATIONAL NARCOTICS CONTROL FUNDS.

C. THE PROPOSED CONTRACTOR, "E" SYSTEMS, DEVELOPED THE ENGINEERING FOR MODIFYING THE FH-227'S BEING PROVIDED TO THE GUB. THEY ARE THUS IN A BETTER POSITION THAN ANY OTHER POTENTIAL CONTRACTOR TO MODIFY THE F-27 SO THAT IT IS FULLY STANDARDIZED WITH THE FH-227'S. (THIS IS IMPORTANT FOR BOTH SAFETY AND  
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EFFICIENT OPERATIONS.) MOREOVER, THE WORK TO BE PERFORMED IS LABOR INTENSIVE (APPROXIMATELY TEN THOUSAND MAN-HOURS REQUIRED), AND BECAUSE OF THEIR PREVIOUS EXPERIENCE AND GENERALLY LOWER COSTS, "E" SYSTEMS WOULD BE ABLE TO DO THE WORK MUCH MORE CHEAPLY THAN ANY KNOWN ALTERNATIVE CONTRACTOR. WE ESTIMATE THAT USE OF SOME OTHER CONTRACTOR WOULD PROBABLY DOUBLE THE COST, THUS WASTING ABOUT \$100,000 OF USG MONEY. IT

WOULD ALSO INVOLVE ADMINISTRATIVE INEFFICIENCIES BECAUSE OF THE NEED TO NEGOTIATE ANOTHER CONTRACT FOR SUPPORT OF THE BURMA NARCOTICS PROGRAM (THERE ARE ALREADY TWO). "E" SYSTEMS IS ALSO THE ONLY WHOLLY U.S.-OWNED FIRM IN THE REGION WHICH CAN DO THIS KIND OF WORK. FINALLY, "E" SYSTEMS IS THE ONLY COMPANY IN THE REGION WITH A MANUFACTURING CAPABILITY, AND SEVERAL ITEMS REQUIRED FOR THE MODIFICATIONS AND MAINTENANCE MUST BE MANUFACTURED.

D. OF THE ALTERNATE FIRMS PROPOSED IN REF A, ONLY HONG KONG AIRCRAFT ENGINEERING CORP. IS CAPABLE OF DOING THE NECESSARY WORK. HOWEVER, THEIR PRESENT WORK LOAD IS IN EXCESS OF THEIR CAPACITY, AND LEAD TIME COULD BE UP TO 12 MONTHS.

E. THE BURMA AIR FORCE IS JUSTIFIABLY PLEASED WITH THE QUALITY OF "E" SYSTEMS' PREVIOUS WORK, AND HAS SPECIFICALLY REQUESTED THAT IT DO THE F-27 WORK.

2. IF, AFTER HAVING CONSIDERED THE ABOVE POINTS, THE DEPARTMENT STILL BELIEVES THE COURSE OF ACTION PROPOSED IN REF B IS UNACCEPTABLE, WE RECOMMEND THE FOLLOWING ALTERNATIVE:

A. THE BURMESE WOULD ISSUE A PURCHASE ORDER FOR THE NECESSARY WORK TO HELI-ORIENT IN SINGAPORE (THE OTHER OF THE TWO PRESENT CONTRACTORS), AND FLY THE AIRCRAFT TO SINGAPORE WITH THEIR OWN CREW.

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B. HELI-ORIENT WOULD THEN SUB-CONTRACT WITH "E" SYSTEMS TO DO THE WORK AND TAKE RESPONSIBILITY FOR DELIVERING THE AIRCRAFT TO TAIWAN. (CONTRACT AID 492-1504 PROVIDES FOR THE EVENTUALITY OF SUCH SUB-CONTRACTS.)

3. THE ONLY DISADVANTAGE TO THIS COURSE OF ACTION AS OPPOSED TO THAT PROPOSED IN REF B IS THAT HELI-ORIENT WOULD PROVABLY ADD AN ADDITIONAL COST INCREMENT, PERHAPS ABOUT 10 PERCENT.

4. WITH REGARD TO PARAGRAPH TWO OF REF A, THE PRACTICE OF THE RANGOON NARCOTICS CONTROL OFFICER IS TO NOTIFY EMBASSY TAIPEI OF ALL VISITS. THE LAST SUCH VISIT WAS ON APRIL 13, AND EMBASSY TAIPEI WAS NOTIFIED ON MARCH 30 (RANGOON 1110). WE WILL IN THE FUTURE INCLUDE TAIPEI AS AN INFO ADDRESSEE ON ALL EMBASSY MESSAGES CONCERNING AIRCRAFT MAINTENANCE OR OTHER SERVICES TO BE PERFORMED IN TAIWAN.

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DRUG CONTROL, AIRCRAFT MAINTENANCE, PROGRAMS (PROJECTS)  
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**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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